producers. On the field of consumption the same process takes place: the disappearance of the economic independence of numerous groups of small possessors; the increasing and complete annihilation of the lowest property class (*Mindestbegüterten*); and finally the continual increase of distress. "They, who have no commodities to exchange, must sell their labor-power. Consequently they are no longer in a position each moment to develop their economic activity as they deem proper, they have lost their economic independence" (p. 164).

As attempts to ameliorate or to offset this law of concentration of goods the author mentions two policies or schools of thought: Socialism and what he terms, Socialpolitik. The endeavor of socialism, he says, is to break this law by changing the method of production from an individualistic to a co-operative basis. As the law of concentration works in the operations of exchange and not in production, the endeavor of the socialists will be futile, unless they abolish all exchanges. The author's criticism of the theoretic position of the socialists is very vigorous and clever. It is rather an improvement upon like attempts so common in all German economic writings, as he shifts the discussion, as shown, from the field of production and capital to that of exchange.

The other method of improvement, the socio-political, he defers to a later part, yet to appear. He only hints at its character as an attempt to check the concentration of goods only so far as it brings with it a danger to and annihilation of the economic independence of the individual and individualistic economy.

S. G. LINDHOLM.

Philosophie des Geldes. By GEORG SIMMEL. Leipzig: Duncker & Humblot, 1900. 8vo, pp. xvi+554.

Two discussions in Professor's Simmel's *Philosophy of Money* will draw the attention of the economist: his study of value, and of its measurement in terms of money. The treatment is not primarily economic, but philosophic, *i. e.*, the author analyzes the form of the economic object rather than its content. The starting point of the discussion lies in the contrast between the objective character and validity of value, and the subjective character of desire and the impulse from which it springs. There is no value where there is no valuation, but the immediate relation of the satisfaction of impulse and desire, or

the lack of satisfaction involves no valuation, nor indeed any of the apparatus of evaluation. The situation is identical with that of perception. The character of our experience remains subjective (*e. g.*, that of the young child) while the impulse is simply expressed or checked.

It is only when we select one stimulus rather than another—in contradistinction from another—that perception results. The one, who in blind hunger indiscriminately devours whatever he can lay hands upon, has relatively little perception of his food, over against the connoisseur who selects with care what will best satisfy his palate. In the comparison and manipulation of these different stimuli or outside opportunities for action, there arises an objective world that is distinguished from the subjective world of impulse and feeling. It is a world of law and order in which alone "things" as distinct from feelings can exist. What gives them their character as "things" is their relation to each other abstracted from the impulses and feelings. So there arise the objective worlds of the physical and moral sciences.

The writer maintains that there is such a world of economic values (pp. 16 ff.). As we recognize physical energies that are independent of our feelings of weight, or the intensities of other sensations, or rights and wrongs that stand above our wishes and repulsions, so there are economic values which are objective over against impulses and desires; and as it is the relations of these physical and moral things to each other that give them their form within their worlds, so it is the inter-relation of these economic things that determines their value. The essential relation in this economic world is exchangeability. When we hunt about among the stimuli which will satisfy our desires to find an adequate one, and the satisfaction is therefore not immediate, we objectify these stimuli into things, and the process is one of perception, but when to attain the object we sacrifice one thing for another, and that sacrifice takes the form of exchange, the process is an economic one, and the thing is an economic thing. As the satisfaction is not immediate, there is a distance between the impulse and that which will satisfy it, and that distance is "scarcity" (pp. 21 ff.).

Now, as what determines the energy of the physical object is not the impulse to lift or weigh or look or hear, but the relations between the objects as "things," so what determines the value of objects is not the impulse to eat or drink or love or get gain, but the relations of exchangeability. From this it follows that the exchangeability is

not based upon a like value, but is the source of that like value "In fact, fundamentally, we may not describe exchangeability as a likeness of value that belongs objectively to things, but we must recognize likeness of value as simply a name for the exchangeability" (p. 46).

While, then, utility or usefulness is a presupposition of all economic activity, being the relation of the impulse to the object of desire, it cannot be made the standard of value. Neither the cost of production, which goes back to utility of the wage or profit, nor the margin of utility, which goes forward to the satisfaction of the desire through the product can be the standard of value any more than the impulse to expend energy or the desire to have an object out of the way can be the standard of energy involved in a lever which overturns an obstacle. The standard of value must be found in the objective equations between things that are exchanged in this economic world. This is a statement of interest in view of the futile character of the psychological calculations of the utilitarians, on the one hand, and the Austrian school, on the other.

I have used the analogy of the physical sciences in stating this position, because there seems to me to be an interesting parallel between the tendency in physical theory to define its objects in terms of laws of motion — abstracting from the content of sensation — and an economic theory which calls for a definition of values, not in the satisfaction of desire, but in the laws of exchange in objective occurrences.

The logical consequence of such a theory of value is that the *measurement* of value must follow from the relations of economic things in exchange. The author, however, presents this only as an ideal that is never quite reached.

Economics strives to reach a stage of development — never entirely unrealized and never entirely realized — in which the things determine their measure of value by an automatic mechanism, irrespective of the question, how much subjective feeling of value this mechanism has taken up into itself as condition and material (p. 29).

In other words, money should be only a symbol of the relation between any one commodity and the whole mass of organized goods of the economic community. Any monetary valuation, therefore, implies simply that the amount of money paid for an article bears to the wealth of the community.

The equation between the value of a commodity and the value of a sum

of money does not imply an equation between two simple factors, but a proportion, *i. e.*, the equality of two fractions of which the denominator on the one side is the sum of all goods, on the other, the sum of all the money in a definite economic community (p. 94).

Under ideal conditions, therefore, there would be no necessity that money should have any inherent value. It would be only an expression of the relation between the values of goods stated in the form of a fraction. Money would be purely symbolic. Primarily, however, this evolution could only begin with the equation between some commodity and some article of recognized standard value, such as the ox or the objects of universal adornment. History shows that in all these cases these objects, when used as money, tend to lose their intrinsic value and to become symbolic. This tendency is shown in an intensive form in the use of gold (pp. 101 ff.). The failure to reach the ideal is the result of the inability of the community to make its equation between its different goods and the sum complete and perfect. In the presence of this uncertainty the individual reverts instinctively, especially in periods of panics, to an equation between the commodity and an intrinsically valuable thing. That money still has, in some degree, independent value is an indication of our failure to reach completely the ideal of economic organization (pp. 122 ff.). This does not imply, of course, that the value of money even under these conditions is determined by subjective feeling. The formal determination of its value must be found in the process of exchange as in the case of all other goods. Again, we may note a similar tendency in the physical sciences to substitute for a fixed qualitative standard a ratio within a system of energies, *e. g.*, velocities and changes in velocity.

These discussions occupy but a small portion of the book. There is an enormous wealth of psychological illustration and much historical matter. But the chief aim of the treatise is to follow out in money and its use the relation of the individual to the community. In its aim it is sociological, though its treatment covers many fields of political economy and finance. It is thought out with great and often wearisome effort, and is discouragingly massive. It demonstrates, however, not only the legitimacy, but the value of approaching economic science from the philosophic standpoint.

GEORGE H. MEAD.

THE UNIVERSITY OF CHICAGO.